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CHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 of the Securities and Exchange Commission**

SEC MAIL RECEIVED  
MAR 03 2003  
PROCESSED  
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SEC FILE NUMBER  
8- 45755

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: TRAUTMAN WASSERMAN & COMPANY INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

500 FIFTH AVENUE

(No. and Street)

NEW YORK

NY

10110

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
MARK BARBERA

212-575-5500

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KAUFMANN, GALLUCCI & GRUMER LLP

(Name - if individual, state last, first, middle name)

ONE BATTERY PARK PLAZA

NEW YORK

NY

10004

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED  
MAR 20 2003

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

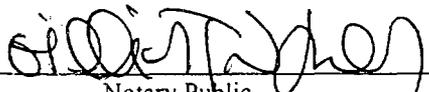
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

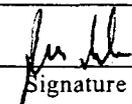
OATH OR AFFIRMATION

I, MARK BARBERA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TRAUTMAN WASSERMAN & COMPANY INC., as of DECEMBER 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

GILLIAN TRAUTMAN  
Notary Public, State of New York  
No. 01TR5061573  
Qualified in Queens County  
Commission Expires, June 10, 2006

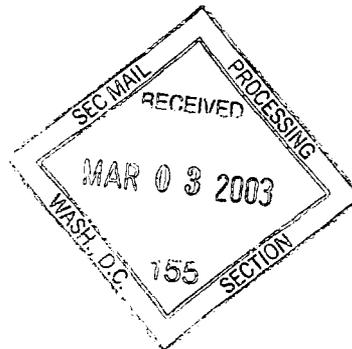
  
Notary Public

  
Signature  
CHIEF FINANCIAL OFFICER  
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**TRAUTMAN WASSERMAN & CO., INC.**

**REPORT ON STATEMENT OF  
FINANCIAL CONDITION**

**AS OF DECEMBER 31 , 2002**

TRAUTMAN WASSERMAN & CO., INC.

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KAUFMANN,  
GALLUCCI, &  
GRUMER LLP

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

To The Board of Directors and Shareholders of Trautman Wasserman & Co., Inc.:

We have audited the accompanying statement of financial condition of Trautman Wasserman & Co., Inc. (the "Company") as of December 31, 2002 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Trautman Wasserman & Co., Inc. as of December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

February 10, 2003

*Kaufmann, Gallucci & Grumer LLP*

**TRAUTMAN WASSERMAN & CO., INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2002**

ASSETS

Cash and cash equivalents	\$	156,760
Receivable from clearing organization, including cash of \$560,600		784,075
Deposit with clearing organization		100,906
Securities owned:		
Marketable, at market value		3,134
Accounts receivable		96,098
Employee loans and advances		47,634
Furniture, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$328,456		73,051
Prepaid expenses and other assets		<u>68,995</u>
 Total assets	 \$	 <u><u>1,330,653</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$	<u>884,896</u>
 Commitments and contingencies		
 Shareholders' equity:		
Common stock, no par value; authorized 1,500 shares, issued 1,240 shares		200
Additional paid-in capital		1,671,172
Accumulated deficit		<u>(1,225,615)</u>
Total shareholders' equity		<u>445,757</u>
 Total liabilities and shareholders' equity	 \$	 <u><u>1,330,653</u></u>

The accompanying notes are an integral part  
of this financial statement.

**TRAUTMAN WASSERMAN & CO., INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2002**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

Trautman Wasserman & Co., Inc. (the Company), was incorporated on April 29, 1993 as a Delaware corporation. The company is a registered broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc.

The Company operates as a "general securities introducing broker" whereby all transactions for customers are cleared through a carrying broker-dealer (the "clearing firm") on a fully disclosed basis. The Company is exposed to credit losses in the event customers fail to satisfy their obligations in connection with their securities transactions. As of December 31, 2002, customer obligations to the clearing firm were collateralized by cash and securities with market values in excess of the obligations. The Company seeks to limit risk associated with non performance by customers by monitoring all customer activity and reviewing information it receives from its clearing broker on a daily basis.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

- (a) The Company records proprietary securities transactions in regular-way trades on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with the related commission income and expenses on a trade date basis.
- (b) Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management with the resulting unrealized gains and losses reflected in the statement of operations.
- (c) Depreciation and amortization were computed using the straight-line method over the estimated useful lives of the assets.
- (d) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 2002, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates.

**TRAUTMAN WASSERMAN & CO., INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2002**

**NOTE 3 - RECEIVABLE FROM AND DEPOSIT WITH CLEARING ORGANIZATION**

The receivable from clearing organization represents cash held by the clearing organization for commissions generated in December 2002 and paid in January 2003, and residual balances from the Company's trading activity. The deposit with the clearing organization is required by the clearing agreement.

**NOTE 5 - INCOME TAXES**

For income tax purposes, the shareholders have elected that the Company be treated as an "S" corporation under Subchapter S of the Internal Revenue Code and as a Small Business Corporation under New York State Corporate Franchise Tax Law. Accordingly, no provision has been made for Federal income taxes since the net income or loss of the Company is to be included in the tax returns of the individual shareholders. Minimum state and local taxes for the year ended December 31, 2002 are included in operating expenses.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

At December 31, 2002, the Company had lease commitments for office space expiring March 31, 2007 in New York, and March 31, 2003 in San Francisco. The approximate minimum annual lease payments are as follows:

<u>Year ended</u> <u>December 31</u>	<u>Minimum</u> <u>Lease payments</u>
2003	\$ 337,779
2004	314,523
2005	315,754
2006	329,289
2007	<u>82,322</u>
	<u>\$ 1,379,667</u>

The Company is named in several complaints brought by former customers and employees relating to certain securities transactions. These claims, in the aggregate, approximate \$989,000. The allegations are being vigorously defended by management who believes, after consultation with outside counsel, that there will be no material adverse affect on the financial condition of the Company.

**TRAUTMAN WASSERMAN & CO., INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2002**

**NOTE 7 - RELATED PARTY TRANSACTIONS**

In accordance with an expense sharing agreement between the Company and a related party, the Company is reimbursed by the related party for its share of operating expenses. The reimbursement is based on an expense sharing formula. The amount of such reimbursement for 2002 was \$979,272.

**NOTE 8 - REGULATORY REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company is required to maintain minimum capital equal to \$100,000. At December 31, 2002, the Company had net capital of \$148,360 which was \$48,360 in excess of the required minimum net capital at that date. The Company's aggregate indebtedness to net capital ratio was 5.97 to 1.